



Munich Personal RePEc Archive

# Why Has India-UK Migration Decreased So Rapidly?

Neer Singhal

18 April 2018

Online at <https://mpra.ub.uni-muenchen.de/89323/>

MPRA Paper No. 89323, posted 8 October 2018 08:38 UTC



# WHY HAS INDIA-UK MIGRATION DECREASED SO RAPIDLY?



Neer Singhal

## Contents

Abstract .....	2
Introduction .....	2
History of India-UK Migration .....	5
Reasons for Emigration from India .....	6
Migration to GCC Countries .....	10
Migration Through the Study Route .....	10
Demographic of Indian Migrants .....	13
Economic Impact of India-UK Migration in India .....	16
Economic Impact of India-UK Migration in the UK .....	19
Migration from the Migrant Perspective .....	21
UK Immigration Policies .....	21
Migration of Families .....	23
Indian Emigration Policies .....	24
Conclusion .....	25
Acknowledgements .....	27

## Abstract

Net migration in the UK increased from less than 100,000 per year in the early 1990s to over 300,000 in 2006. However, by 2016, the net migration in the UK had dropped to 248,000<sup>1</sup>.

This trend is visible in India-UK migration specifically - immigration from India increased until 2012 but has since declined dramatically. Between 2012 and 2015, the number of Indians emigrating to the UK decreased from 1,500,000 to 325,000 – an average decline of 39.9% per year<sup>2</sup>

There are 3 primary causes that led to this decline in India-UK migration:

1. Increased British government immigration stringency
2. Improved quality of life and standard of living in India
3. Decrease of Indian students in the UK

Firstly, the British government have tried to restrict immigration. They have increased the immigrant wage threshold and initiated the points based system. In this way, they have reduced the number of low skilled workers, making it virtually impossible for low skilled workers to permanently or semi-permanently immigrate.

Improvements in India, both in the workplace and in general well-being, have led to a decrease in Indian emigrants migrating to the UK. Unemployment rates in India are low and phenomena such as the ‘reverse brain drain’ suggest India may be on the verge of rapid productivity and employment opportunities.

Finally, the number of International students in the UK has dropped below the number of immigrant workers. This is because the government has made it more difficult for international students to study in the UK. Furthermore, the rapidly increasing range of countries that are welcoming international students has resulted in the movement of Indian students across the world rather than just the UK and US.

## Introduction

Between the early 1990s and 2006, the share of adults who considered “immigration and race relations” as the most important issue facing Britain increased from less than 5% to over 40%<sup>3</sup>. Immigration is a crucial issue that has dominated global politics in the 21<sup>st</sup> century. This report will focus on the global mobility of Indian workers into the UK from three distinct viewpoints:

- The UK government and its population

---

<sup>1</sup> <https://www.migrationwatchuk.org/statistics-net-migration-statistics>

<sup>2</sup> “Overseas Migration Patterns from India” by Grant Thornton India LLP – published in February 2016

<sup>3</sup> “The Economic Impact of Migration” by the House of Lords Economic Committee 2007 - 2008

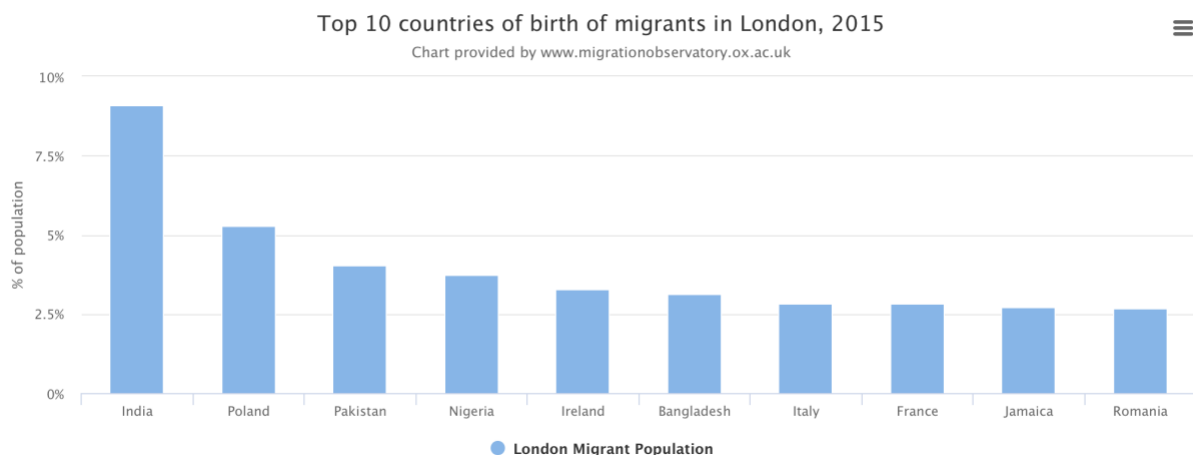
- The Indian government and its population
- The Indian migrants

Immigration has become highly significant to the UK economy. Indeed, immigrants comprise 11%<sup>4</sup> of the total UK workforce – with a higher proportion in London, where economic activity is higher. This implies that immigrants have a higher impact on the UK economy than the figure of 11% may initially suggest.

Of the number of people living in the *UK* who were born in a foreign country, India has the second largest percentage share at 9.0%<sup>5</sup> (see the table on the right). Of the number of people living in *London* who were born in a foreign country, India has the highest percentage share at 9.1%<sup>3</sup> (see graph below). For this reason, this report focuses on *Indian* immigrants: they have the greatest and perhaps most volatile impact on the UK economy.

Country of birth	Percentage share
Poland	9.5
India	9.0
Pakistan	5.9
Ireland	4.5
Germany	3.3
Romania	2.6
Nigeria	2.3
Bangladesh	2.3
South Africa	2.2
Italy	2.1

Source: The Migration Observatory at The University of Oxford



Source: The Migration Observatory at The University of Oxford

It is essential to realise the lack of data available. Although this is true from the British side, the lack of data from the Indian side is immediately noticeable. The Indian government has a limited database on emigration statistics: it only collects statistics for emigrants with ECR passports (those who did not complete their 10<sup>th</sup> year of schooling) travelling to one of the EC countries (18 notified countries as per the Emigration Act of 1983) for work/employment

<sup>4</sup> “UK Labour Market: February 2016” -

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/migrationandthelabourmarketuk/2016>

<sup>5</sup> “Migrants in the UK: An Overview” published on 21<sup>st</sup> February 2017 - the Migration Observatory at the University of Oxford

reasons. All other data is from private institutions and private research, which are often rough estimates and/or outdated. It was difficult to acquire data collected in the last few years which made research trickier as the change in migration patterns in the 2010s has been significant and volatile.

The economic impact of Indian immigration depends on several factors including the skills that the immigrants bring to the UK. Therefore, it is not a question of whether immigration itself is positive or negative, rather a question of what skills and levels of immigration are desirable and will positively impact the UK economy. This is one of the core idea in this report: the UK government has implemented obstacles that maximise the prevalence of these desired skills. These obstacles are perhaps the most significant cause of rapidly decreased India-UK migration. It is imperative to note that GDP is not a satisfactory indicator of economic prosperity. If this were the case, immigration would always be perceived positively as it would inevitably increase the size of the economy. Instead, the most apt indicator of the economic prosperity and standard of living in a country is income per head in terms of purchasing power parity (PPP). Where possible, this unit is used as a means of evaluating economic benefits of immigration. Of course, there are also qualitative, social aspects to India-UK, which this report will focus on briefly (as quantitatively as possible). However, it will mainly consider the *economic* impacts of immigration and how they have resulted in the changes seen in India-UK migration patterns.

## History of India-UK immigration

India-UK migration started during the colonial rule in India. However, these migrants made up a very small percentage of both total Indian emigration and total UK immigration. Between World War 1 and World War 2, the number of Indian migrants living in the UK was still insignificant: estimates range from 5000 to 8000<sup>6</sup> and many of these worked in low skilled, labour-intensive jobs. Between, WW2 and the early 1960s, there was a surge in the number of Indian immigrants in the UK and most settled in London, as well as industrial cities such as Leicester and Birmingham. Before the British Commonwealth Acts of 1962 and 1964, as Commonwealth citizens, Indians had unrestricted entry into the UK. By the mid 1960s, most Indian immigrants in the UK were dependants (according to government statistics, dependants made up 80%<sup>4</sup> of all Indian immigrants). The 1970s, 80s and early 90s saw fewer Indian immigrants – in this period, the British government estimated that an average of 5,800 Indian immigrants landed in the United Kingdom per year. However, between 1995 and 2005, there was a rapid surge in Indian immigrants: 1995 saw 6000 Indian immigrants entering the UK, while 2005 saw 46,621<sup>7</sup> – an increase of 677% in 10 years. Indeed, Census data reveals that the India-born population in the United Kingdom tripled from 166,000 in 1961 to 470,000 in 2001<sup>8</sup>. The number of Indian immigrants entering the UK continued to increase until the

---

<sup>6</sup> “Emigration, Immigration, and Diaspora Relations in India” by Daniel Naujoks – published on 15<sup>th</sup> October 2009. <http://www.migrationpolicy.org/article/emigration-immigration-and-diaspora-relations-india>

<sup>7</sup> “Migrants in the UK: An Overview” published on 21<sup>st</sup> February 2017 - the Migration Observatory at the University of Oxford

<sup>8</sup> “Migrants in the UK: An Overview” published on 21<sup>st</sup> February 2017 - the Migration Observatory at the University of Oxford

early 2010s.

The population of UK increased from 58.9 million in 2000 to 65.6 million in 2016<sup>9</sup>. However, the fertility rate in the country is only 1.81 births/woman<sup>10</sup>, suggesting that the birth rate has not been the main driver of population increase. Total net migration (defined as the number of immigrants minus the number of emigrants in a country) has been responsible for approximately two thirds of the increase in population during this period<sup>11</sup>: Indeed, net migration increased from less than 100,000 per year in the early 1990s to over 300,000 in 2006<sup>12</sup>. However, by 2016, the net migration in the UK had dropped to 248,000<sup>13</sup>.

**Average annual migration 1997–2006 (Thousands)**

	<b>Non-British</b>	<b>British</b>	<b>Total</b>
<b>Gross Immigration</b>	391	98	489
<b>Gross Emigration</b>	158	170	327
<b>Net Immigration*</b>	234	-72	162

Source: ONS Total International Migration (TIM) tables

Notes: Net Immigration and Total figures do not add up exactly due to rounding errors.

A positive number indicates net immigration; a negative number shows net emigration

This trend is visible in India-UK migration specifically - immigration from India increased until 2012 but has since declined dramatically. Between 2012 and 2015, the number of Indians emigrating to the UK decreased from 1,500,000 to 325,000<sup>14</sup> – an average decline of 39.9% per year. The main reasons for this have been increased stringency in non-EU immigration into the UK and the expansion in destination choice for migrants. These will be discussed later in the report (see subsection on UK immigration policies).

## Reasons for Emigration of Indians

Whichever country you visit, it is very likely you will see at least a few Indian immigrants: it is blindly obvious that there are very high rates of Indian emigration. In 2015, there were 11,379,746 international Indian emigrants, 3% of whom migrated to the UK<sup>15</sup>. The reasons for such a high supply of Indian workers are twofold: push factors due to a low standard of living and pull factors that attract Indian migrants, most notably from GCC countries (Gulf

---

<sup>9</sup> World Bank Data - <http://data.worldbank.org/indicator/SP.POP.TOTL>

<sup>10</sup> World Bank Data - <http://data.worldbank.org/indicator/SP.DYN.TFRT.IN?>

<sup>11</sup> “The Economic Impact of Immigration” by the House of Lords Committee 2007-2008 (UK)

<sup>12</sup> “The Economic Impact of Immigration” by the House of Lords Committee 2007-2008 (UK)

<sup>13</sup> <https://www.migrationwatchuk.org/statistics-net-migration-statistics>

<sup>14</sup> “Overseas Migration Patterns from India” by Grant Thornton India LLP – published in February 2016

<sup>15</sup> “Overseas Migration Patterns from India” by Grant Thornton India LLP, published in February 2016

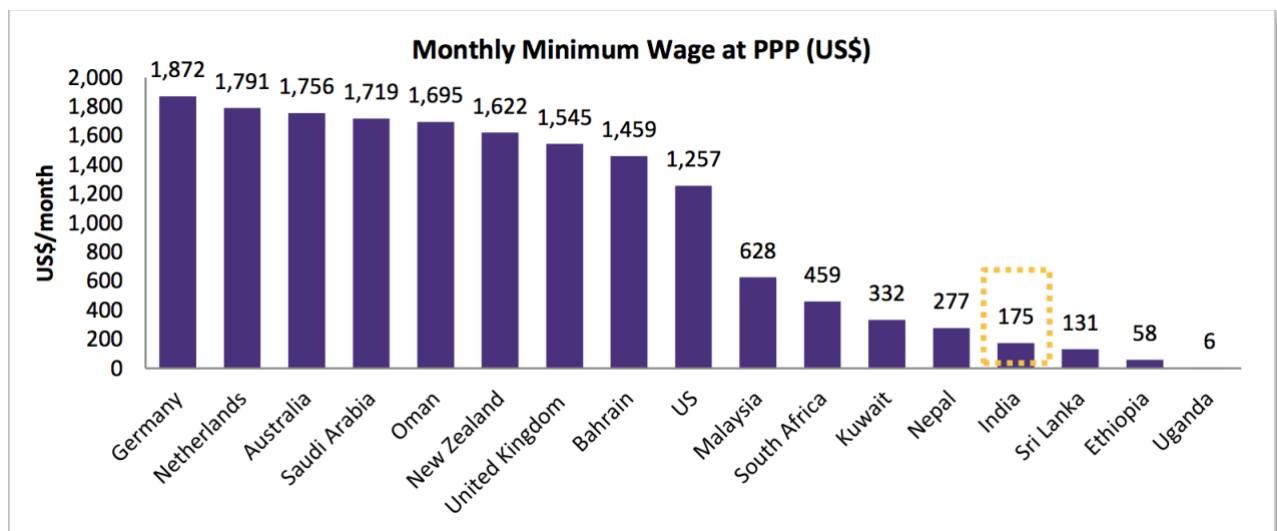
Cooperation Council - Saudi Arabia, UAE, Kuwait, Oman, Qatar and Bahrain) and the West.

The push and pull factors are not isolated from each other and global mobility of workers occurs when the opportunity in a foreign country exceeds the opportunity in the home country, even after factors such as leaving one's family behind and travel costs are considered. The primary motive for global migration is economic factors. There are often considered to be 5 main reasons why there are high rates of emigration from countries in the East, such as India. Interestingly, these 5 factors are all related to economic opportunity abroad.

These 5 main reasons for Indian emigration are:

- Employment problems
- Recognition
- Improvement in career
- Family Reasons
- An adverse situation in the home country

Employment Problems is the most common reason for high number of Indian emigrants. Commonly, these problems manifest themselves as a lack of job opportunities or very low wages.



"Overseas Migration Patterns from India" by Grant Thornton India LLP  
Page 59

The monthly minimum wage at PPP (USD) is astoundingly low in India at only \$175. This is only 11% of the UK's \$1545 at PPP minimum wage<sup>16</sup>. Naturally, this wage difference results in a high number of Indian migrants moving to the UK or other parts of the West. Moreover, the graph shows that countries part of the GCC, such as Saudi Arabia, Oman and Bahrain have high minimum wages, which is a major driving force for India-GCC migration. Furthermore, in

<sup>16</sup> "Overseas Migration Patterns from India" by Grant Thornton India LLP, published in February 2016 – page 59



a country with such a young population (in India, 41% of the population is under the age of 20<sup>17</sup>), the supply of labour naturally exceeds the demand. This disparity drives down the market equilibrium (i.e. wages). Before stringent immigration regulations, the wage difference between India and UK was a major proponent of migration. However, the implemented government regulations aim to discriminate against these potential migrants as they have lower wages, and thus tend to be less skilled. As a result, this large portion of UK-bound migrants has been eradicated.

India is likely to see a rise in unemployment rates over the next few years, especially in the skilled youth population (primarily due to the young population). The unemployment rate for a person aged between 18 and 29 years old, who holds a degree in graduation and above is 28%<sup>18</sup>. This explains why there are very high rates of emigration in the youth population and especially the *skilled*, youth population. The UK are much more lenient to this portion of Indian emigrants.

Although, in terms of GDP, India has a very strong economy (\$2.264 trillion)<sup>19</sup>, this does not consider the exceedingly high population of around 1.2 billion people: India's GDP *per capita* is \$1709<sup>20</sup>, ranked as the 134<sup>th</sup> highest GDP per capita, placing it at the 30<sup>th</sup> percentile of all countries.

The pitifully low wages (in terms of PPP), the low GDP per capita and the high unemployment rate for certain groups of workers amalgamate to create a hostile labour market, which is detrimental to the standard of living in India. Consequently, there are food shortages (50% of children under the age of 5 are malnourished<sup>21</sup>) and increased dependence on primary sector employment such as agriculture (48.9% of India's working force works in agriculture<sup>22</sup>), whose economic output is low and volatile: although almost half the working force is in agriculture, it only accounts for 18.7% of India's total GDP. The graph below highlights the volatility of agricultural production and its dangerous dependency on a good monsoon season. In 2009, the monsoon rainfall was lower than normal and this caused grain production to fall by 7%<sup>23</sup>, increasing grain prices and thus worsening the food shortage problem.

---

<sup>17</sup> [http://censusindia.gov.in/Census\\_And\\_You/age\\_structure\\_and\\_marital\\_status.aspx](http://censusindia.gov.in/Census_And_You/age_structure_and_marital_status.aspx)

<sup>18</sup> <https://www.youthkiawaaz.com/2015/10/unemployment-indian-graduates-solution/> - posted on 7<sup>th</sup> October 2015 by Nanoosh Kumar

<sup>19</sup> World Bank Data - <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

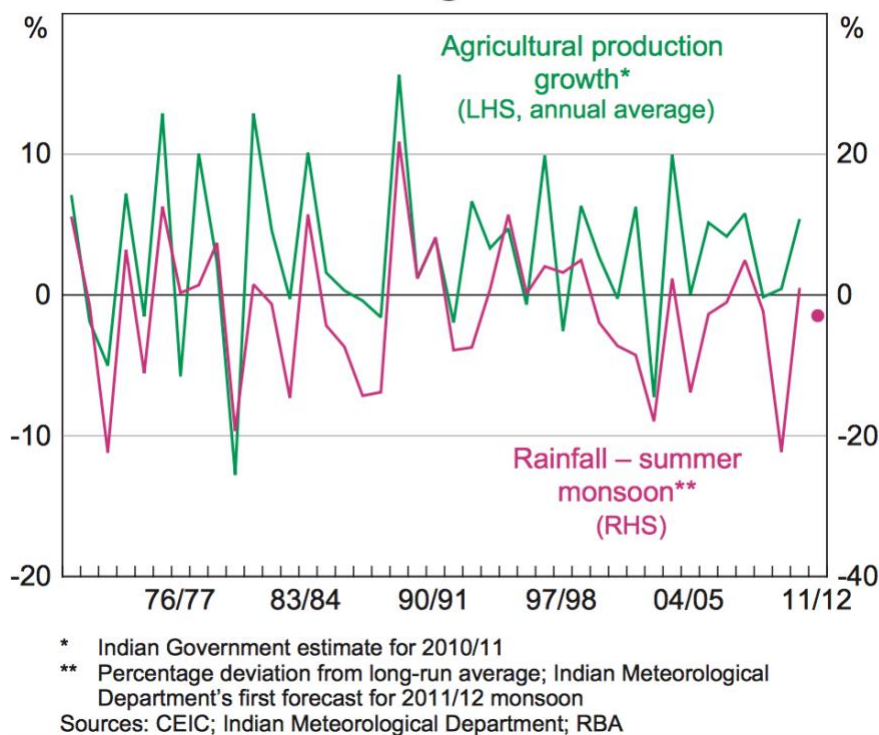
<sup>20</sup> World Bank Data - <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

<sup>21</sup> <https://www.theglobalist.com/indias-food-crises-close-up/>

<sup>22</sup> Central Intelligence Agency World Factbook - <https://www.cia.gov/library/publications/the-world-factbook/fields/2048.html>

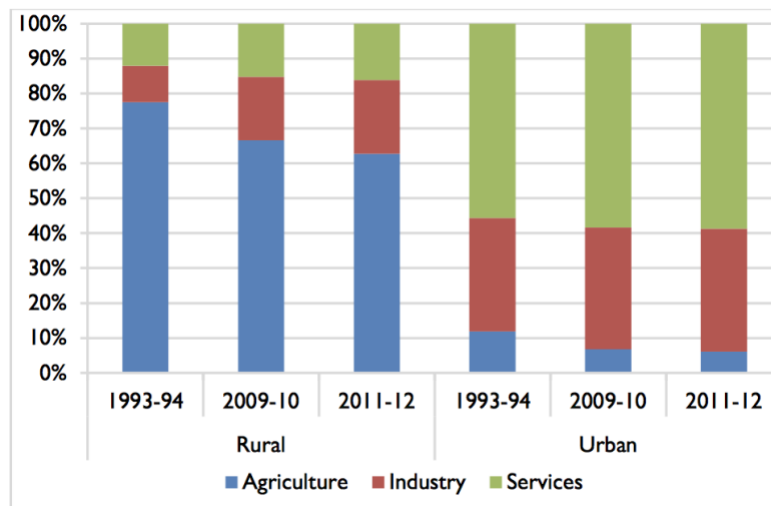
<sup>23</sup> Reserve Bank of Australia - <https://www.rba.gov.au/publications/bulletin/2011/jun/pdf/bu-0611-3.pdf>

## India – Rainfall and Agricultural Production



Moreover, the low GDP per capita in means there is inadequate social infrastructure to satisfy the high population. Inadequate schools and hospitals create a vicious cycle whereby future generations remain uneducated and thus unable to work in high skilled (with higher wages) jobs. For less skilled Indians, the only means of escaping this cycle is by emigrating to countries where hospitals and schools are of a high standard such as the UK. Nonetheless, there has been a cultural shift in India that decreases the effect of this problem. Labour in India has started to shift away from the primary sector. Although India is still undeniably dependant on primary sector labour, the extent of this dependability has decreased and will almost certainly continue to do so. 48.9% of India's employment share was in agriculture in 2011-2012. This figure dropped to 47.3% in 2015-2016.<sup>24</sup> The graph below highlights the decreasing employment share of agriculture in rural and urban areas. As the proportion of workers in the primary sector decreases, the extent to which peoples' livelihoods depend on erratic climatic conditions decreases, decreasing the extent of this push factor. Indeed, the graph above seems to show that the strength of the correlation between agricultural production and rainfall seems to have decreased. This is most likely due to technology and other means of growing and harvesting crops that do not depend so heavily on the monsoon season. As a result, there are fewer Indians who need to emigrate to countries such as the UK.

<sup>24</sup> India Labour Market Update – ILO Country Office for India. Published in July 2017 by the International Labour Organisation.



Source: ILO Country Office for India

While the graph above shows the shift in employment sectors *within* rural and urban areas, it does not show trends of mobility *between* these areas. India is currently undergoing a period of rapid urbanisation and is struggling to cope with the change. Between 2006 and 2016, the percentage of India's urban population increased by 3.57%<sup>25</sup>, and the rate of urbanisation is only expected to increase. India's urban planning has been poor and so it is likely to experience many of the common problems that urbanising countries face, including inadequate infrastructure, unaffordable housing, pollution and congestion, all of which are likely to increase migration from urban areas back to rural areas (for Indians who aren't eligible for immigration in most countries) or migration to countries such as the UK for the minority that are eligible for immigration and can afford the costs.

## Migration to GCC Countries

Increased immigration stringency in countries such as the UK and USA was one reason for the surge in the mobility of low skilled Indian migrants to GCC countries, where there were fewer restrictions in the early 2010s. From 2004 to 2015, the estimated number of Indians living in Saudi Arabia increased from 1.3 million to 3 million – an increase of over 130%<sup>26</sup>. However, In the last 2 years, India-GCC migration has decreased. There are two major reasons for this: firstly, the gulf crisis and the fall in oil prices in 2015 meant there was less immigration due to the hindered economy. Secondly, GCC countries have started implementing policies that support the nationalisation of workers. In 2014, during a speech at the opening of the two-day Regional Workshop on Labour Admission Policies in GCC Countries, the UAE minister insisted it was necessary to “reduce the number of expatriate workers in GCC”<sup>27</sup>. These nationalisation policies are often known as “Gulfanisation” or “Arabisation”. For example, Bahrain has introduced a policy that increases the employment quota of Bahrainis in small and medium sized companies. Saudi Arabia has developed an intricate system called “Nitaqat”, whereby private sector companies are categorised into green, yellow or red bands,

<sup>25</sup> <https://www.statista.com/statistics/271312/urbanization-in-india/>

<sup>26</sup> [https://en.wikipedia.org/wiki/Indians\\_in\\_Saudi\\_Arabia](https://en.wikipedia.org/wiki/Indians_in_Saudi_Arabia)

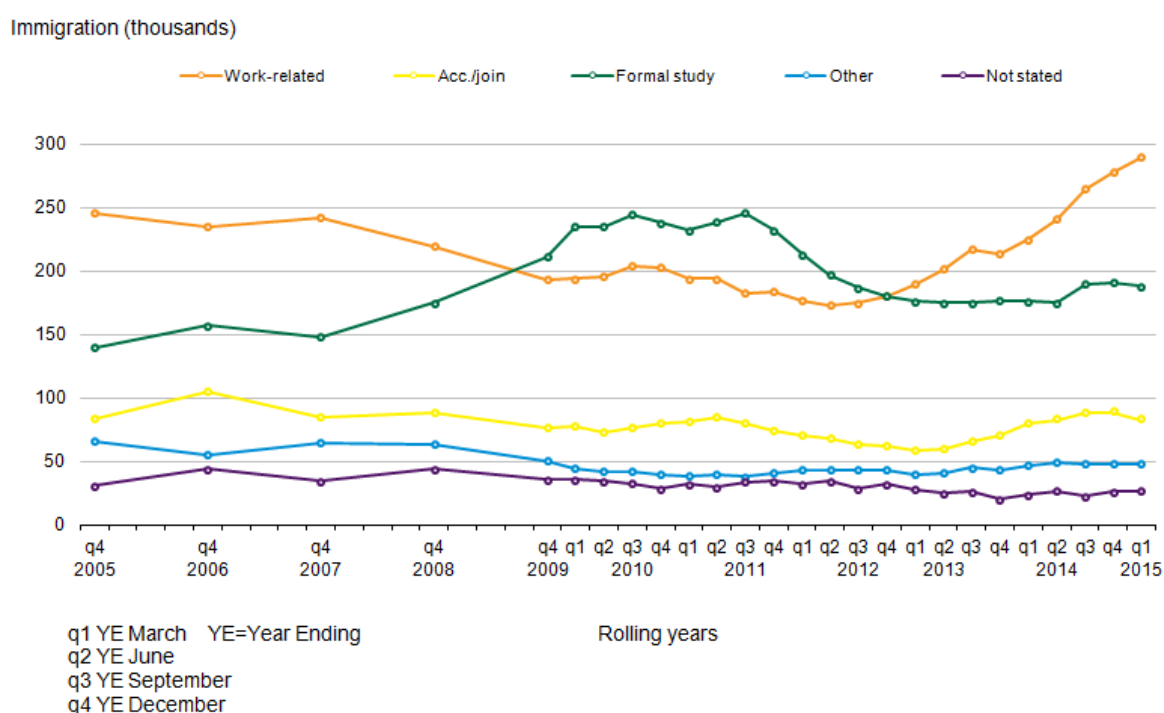
<sup>27</sup> <https://www.thenational.ae/uae/government/reduce-number-of-expatriate-workers-in-gcc-says-uae-minister-1.310175>

depending on the number of foreign workers employed within the companies. Companies in the yellow and red bands are given restrictions such as limited term visas for foreign nationals and time constraints for hiring more Saudi nationals. Because of these nationalisation policies, the last few years have seen a dip in the number of Indian workers migrating to GCC countries.

## Migration Through the Study Route

One significant driver of India-UK migration is the study route – in the last few decades, on a global level, there has been a large increase in the number of foreign students. Currently, 14%<sup>28</sup> of students in higher education in the UK are from outside the EU (while 6% are from the EU). 46% of postgraduate students are from outside the EU.

The main international suppliers of students are countries such as India and China, most of whom study in countries such as USA, UK and Canada. As a result, there is a high rate of India-UK migration under this route. As immigration grew after the labour government introduced a much more liberal immigration policy when they came to power in 1997, tier 4 visas, visas that encompassed the study route, proved most popular, and by 2009, replaced work-related immigration as the predominant form of migration to the UK as the following graph indicates.



Source: Long-term International Migration - Office for National Statistics (UK)  
N.B. Up to YE Dec 2009, estimates are only available annually

However, the graph shows that student immigration has declined since 2011 and is no longer

<sup>28</sup> UK Council for International Student Affairs - <https://institutions.ukcisa.org.uk/Info-for-universities-colleges--schools/Policy-research--statistics/Research--statistics/International-students-in-UK-HE/#>

the largest driver of immigration into the UK. There are 2 main reasons ascribed to this decline: firstly, foreigners have seen an increase in destination choice for higher education. For example, Australia, New Zealand and indeed countries in Eastern Europe have been actively encouraging international students. Australia has a very strong international student loan and scholarship programme which is attractive to foreign students. In June 2017, there were 510,348 international students in Australia, an increase of 14% from June 2016<sup>29</sup>. In this time, the number of Indian students in Australia increased from approximately 50,000 to 55,000. As this choice expands and the range of countries that Indian students go to diversifies, the number of Indian students migrating to the UK decreases.

Secondly, the UK government has made life much more difficult for international students as part of its aim to cut net migration to under 100,000. For example, students need to show evidence of significantly more savings on arrival. Previously, students with “established presence,”<sup>30</sup> only needed to show they had enough money in the bank to pay for 2 months of their course, rather than 9 months. However, now the “established presence” rule has been removed so all students need to show they have enough money in the bank for 9 months (or the duration of their course if it is shorter than 9 months). The Guardian estimates that a PhD student in London, wishing to extend their stay for nine months, must show they have £11,385 in the bank rather than the previous £2040<sup>31</sup>.

Moreover, the UK has implemented very strict rules around academic progression. From 2015, students who want to continue their studies in the UK, at the same level, will only be allowed to do so if their proposed course is linked to their previous one. They must, otherwise, move up a level on the National Qualifications Framework<sup>32</sup>. For example, a student with a bachelor’s degree in philosophy would not be able to get another bachelor’s degree in a course such as history, under the same visa.

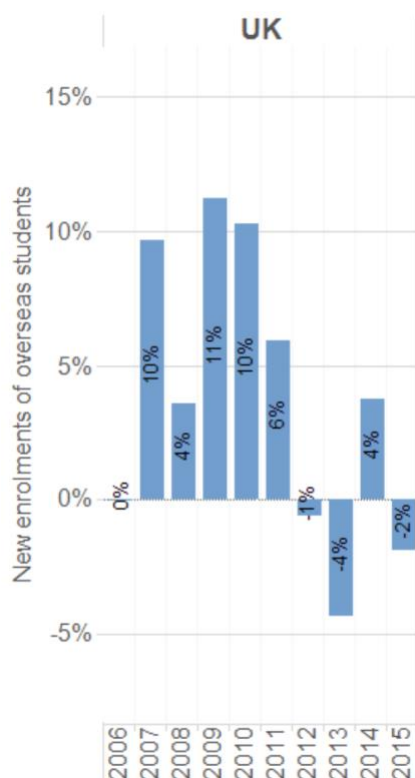
---

<sup>29</sup> Australian Government Department of Education and Training – International Student Data Monthly Summary June 2017. The online link to this is <https://internationaleducation.gov.au/research/International-Student-Data/Documents/MONTHLY%20SUMMARIES/2017/Jun%202017%20MonthlyInfographic.pdf>

<sup>30</sup> *Students classified as having “established presence” must have satisfied a set of parameters. For example, students must have a tier 4 visa, must have completed 6 months of their course already etc.*

<sup>31</sup> <https://www.theguardian.com/education/2015/jul/29/a-guide-to-the-governments-new-rules-for-international-students>

<sup>32</sup> *See following link for summary of levels in National Qualifications Framework:* <https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels>



The aforementioned factors, as well as other stricter restrictions on immigration in general, make the UK unattractive for foreign students. The graph on the left shows that in 2012 to 2015, there was only one year where the new enrolments of overseas increased. Cumulatively, there was a 3% decrease from 2012 to 2015.

Between 2014 and 2015, according to the statistics released by the Home Office, the number of Indian students studying in the UK decreased by 10%<sup>33</sup> - this figure is 44% for the last 5 years<sup>34</sup>. Interestingly, the UK is the only major country that has seen a decline in Indian students. Overall, there has been a surge in Indian students abroad. It was estimated that there was a 12% increase in Indians studying abroad in 2014 and a 17.8% increase in 2015<sup>35</sup>; the rate at which Indian students abroad has grown is greater than China. However, the UK is not experiencing this growth mainly due to its harsh international student policy.

Source: author's calculations from data provided by HESA (UK)

## Demographics of Indian Migrants

Low mortality rates coupled with life expectancy stagnated at 63, means that India will have the youngest population in the world. According to the World Bank, 62.5% of India's population is between the ages of 15 and 59 and by 2021, nearly a quarter of India's population will be in the age cohort of 20-35 years. India will continue to become younger and the size of its labour force will continue to increase. While on the one hand this is very favourable as it creates a low dependency ratio and increases the number of workers in the economy, the comparatively slower increase in job opportunities means that the disparity between supply and demand of labour will widen. This will be met by emigration, particularly emigration of the younger population. On a global scale, young people (15-24 years old) are much more willing to migrate permanently. Their willingness to relocate is generally above 25% across the world. In the two poorest regions in the world (South Asia and Sub-Saharan

<sup>33</sup> "How the UK is Quietly Shutting Out Indian Students" by Sanjana Raman - [http://www.huffingtonpost.in/sanjana-raman/how-the-uk-is-quietly-shutting-out-indian-students\\_a\\_21483721/](http://www.huffingtonpost.in/sanjana-raman/how-the-uk-is-quietly-shutting-out-indian-students_a_21483721/)

<sup>34</sup> <http://www.hindustantimes.com/world-news/more-indian-students-stay-away-from-britain/story-9wQN1CinOu8rZviqgR4IRL.html> - article written by Prasun Sonwalker

<sup>35</sup> <http://www.universityworldnews.com/article.php?story=20160601180527213> - article written by Yojana Sharma

Africa), around 30% of this age cohort are willing to permanently migrate<sup>36</sup>. According to the ILO, there were 28.3 million international migrants aged 15-24 across the world, representing 12.2% of the total migrant population<sup>37</sup>. As discussed, one motivation for youth migration is education. In 2010, there were some 3.6 million young people enrolled in tertiary education abroad<sup>38</sup>. With regards to the work route, young migrants are motivated by better opportunities abroad. However, due to increased stringency of immigration policies in UK, the rate of youth India-UK migration has decreased as younger people tend to be less skilled than older people.

<b>3.1 Unemployment Rate by Age and Sex</b>										
<b>Year</b>	<b>15-29</b>		<b>30-44</b>		<b>45-59</b>		<b>60 &amp; above</b>		<b>Total</b>	
	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
<b>Rural</b>										
2006	1.2%	3.5%	0.2%	0.4%	0.0%	0.1%	0.1%	0.2%	0.4%	1.1%
2008	4.8%	6.1%	0.9%	0.4%	0.2%	0.1%	0.0%	0.2%	1.9%	2.3%
2010	6.6%	5.5%	1.0%	0.2%	0.2%	0.2%	0.5%	0.0%	2.4%	2.0%
<b>Urban</b>										
2006	2.5%	7.0%	0.6%	1.2%	0.0%	0.5%	0.0%	0.1%	1.0%	2.5%
2008	15.6%	9.9%	2.1%	1.1%	0.5%	0.4%	3.3%	0.3%	6.7%	4.0%
2010	17.4%	7.9%	2.5%	0.8%	0.6%	0.4%	0.0%	0.3%	7.0%	3.1%

"Overseas Migration Patterns from India" by Grant Thornton India LLP  
Page 41

The table above shows how unemployment in India is significantly higher in the youth population: in urban India, 7.9% of the male population between the ages of 15 and 29 are unemployed, while the figure is only 0.3% in the 60 & above age cohort. This higher rate of unemployment in the youth population indicates why there is a higher rate of emigration in the Indian youth population than the elder population. However, as the restrictions on less skilled migrants have increased, there has been a shift in the migration patterns in terms of age: as younger people tend to be less skilled (as they have had less time to move up the corporate ladder or pursue further education such as masters or doctorate degrees), they are more likely to be rejected by destination countries. Indeed, between 1990 and 2013, the percentage of migrants under the age of 30 decreased from 39% to 32%, while the percentage of migrants between the ages of 30 and 59 increased from 44% to 52%<sup>39</sup>

Furthermore, immigrants tend to have significantly higher fertility rates. There are two primary reasons for this: firstly, immigrants often come from cultures where they are expected to have more children. For example, the fertility rate in India is 2.4 births/woman,

<sup>36</sup> "Overseas Migration Patterns from India" by Grant Thornton India LLP – February 2016 - Section 6/Page 50

<sup>37</sup> UN Department of Economic and Social Affairs -

<http://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-migration.pdf>

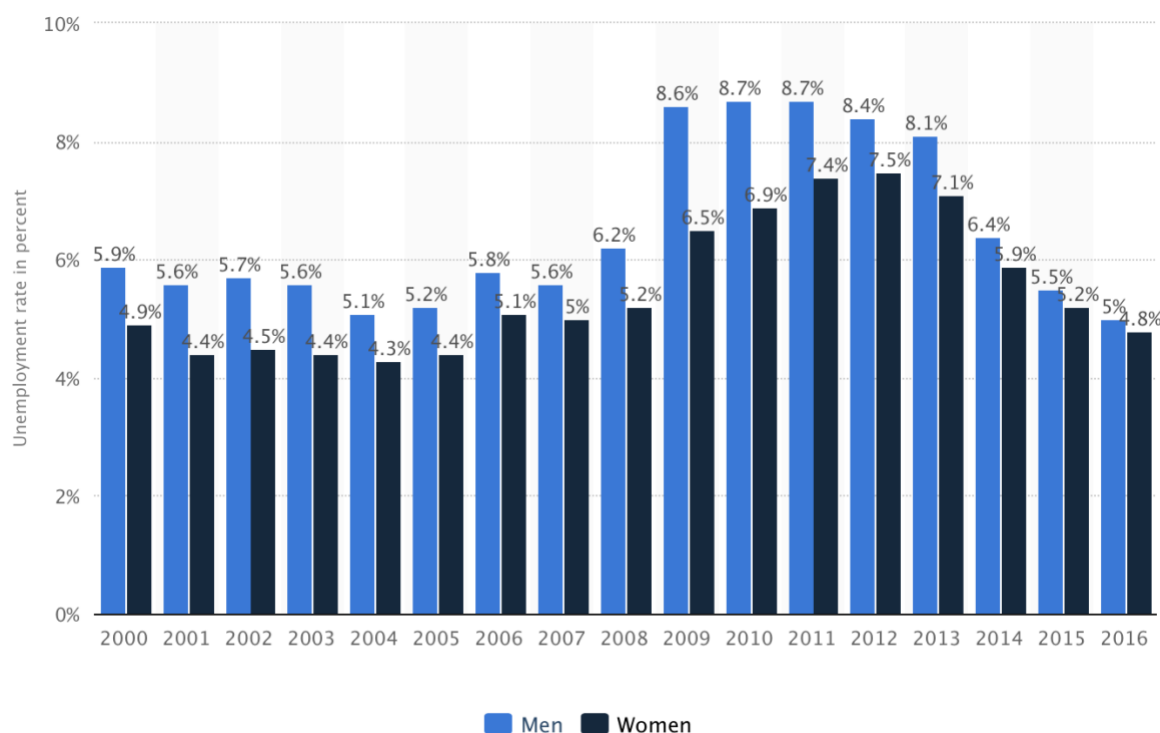
<sup>38</sup> <http://migrationtothecentre.migrationonline.cz/en/russian-speaking-students-from-russia-and-kazakhstan-in-czech-republic>

<sup>39</sup> "Overseas Migration Patterns from India" by Grant Thornton India LLP – published in February 2016



whereas it is only 1.81 in the UK. Secondly, immigrants are often younger and are thus more likely to reproduce. According to the Home Office, in both 2002 and 2005, the fertility rates of all *immigrant* mothers (2.3 and 2.5, respectively) were 0.8 higher than that of UK-born mothers (1.5 and 1.7). This disparity is especially true for Indian immigrants in UK, as they often mirror Indian culture, where the fertility rate is 2.4 births/woman. This shows that although on the surface, the number of Indian immigrants moving to the UK has decreased in the past years, there is still a growing population of second generation immigrants (whose parents migrated in the 1990s to early 2010s).

Another interesting aspect of the table above is the stark contrast in unemployment rates between men and women. In urban India, in 2010, the overall unemployment rate of females was 7%, whereas the overall unemployment rate for men was 3.1%. Shockingly, the labour participation rate of men in India in 2015 was estimated at 75%, while the rate for women was estimated at less than a third of this figure<sup>40</sup>. Not only is the percentage of employed women in the labour force lower than men by around half, the percentage of women *in the labour force* is extremely low, primarily due to social and cultural expectations. The graph below shows there is no major difference in the unemployment rates between men and women in the UK – in fact, the unemployment rate of women in 2016 was 4.8%, whereas the unemployment of men was 5%. The seemingly gender-equal labour market in the UK has made it an attractive country for Indian women to migrate to. as a result, according to the Home Office, the number of new female migrant workers between 1996-1997 and 2000-2001 doubled.



Source: The Statistics Portal – released in June

<sup>40</sup> <https://www.statista.com/statistics/654210/labor-force-participation-rate-india-by-gender/>



Within the global mobility of Indians, there are also distinct patterns that show which countries skilled and unskilled workers tend to migrate to. In general, higher skilled migrants move to the West, to countries such as the UK, USA, Australia, New Zealand and Europe. One reason for this is because the cost of living in these countries is relatively higher and are most suitable for skilled workers with higher paid jobs who can afford the high cost of living. Moreover, these countries generally have much tougher restrictions on the types of immigrants that can enter and heavily favour skilled workers. For example, tier 2 immigration (i.e. work-related immigration) in the UK relies on a points based system (PBS) whereby migrants with more skills earn more points and are more likely to be given visas. The fact that the immigrants entering the UK are proportionally more skilled is widely regarded quite positively as the benefit they bring to the economy outweighs the burden they are to the state.

GCC countries used to be subject to a much higher proportion of *unskilled and semi-skilled* Indian migrants. However, due to the gulf crisis and nationalisation of labour policies, unskilled and semi-skilled immigration has decreased significantly. Overall, India-GCC migration has dropped by 34.6% between 2014 and 2016<sup>41</sup>. However, there are a high number of unskilled and semi-skilled Indian citizens living in GCC countries who had migrated in the late noughties and early 2010s. These unskilled workers are employed in ‘casual labour’, such as driving rickshaws or taxis. Often, they are self-employed. Many semi-skilled migrants work in the construction or retail trade sectors in countries such as Saudi Arabia and UAE. This is due to the abundance in job opportunities here as these countries tend to have a low supply of workers in these sectors. Moreover, the GCC countries are economically sound and offer a high standard of living that is attractive to Indian immigrants. Indeed, the monthly minimum wage in Saudi Arabia is 9.8 times higher than India in terms of PPP<sup>42</sup>.

## Economic Impact of Indian Emigration

Officially, the Indian government is indifferent towards emigration. They do not prevent people leaving the country and so the main barrier that potential emigrants face is from the destination countries. The role that the Indian government has decided to play is one of a benevolent overseer that only interferes to *protect* its citizens – therefore, the only time it interferes is when citizens with ECR endorsed passports (people holding ECR endorsed passports have not completed their 10<sup>th</sup> year of schooling) travel to one of the 18 notified ECR (emigration check required) countries.<sup>43</sup> The intervention involves making sure that these more vulnerable Indians will be protected in foreign countries. Other than that, the government does not involve itself with the affairs of emigrants.

It is impossible to say whether migration has really been good or bad for the Indian economy as the lack of sufficient data, coupled with the different factors and variables that must be considered, means there has not been any conclusive decision on the economic outcomes of

---

<sup>41</sup> Data from the Ministry of External Affairs (India)

<sup>42</sup> “Overseas Migration Patterns from India” by Grant Thornton India LLP

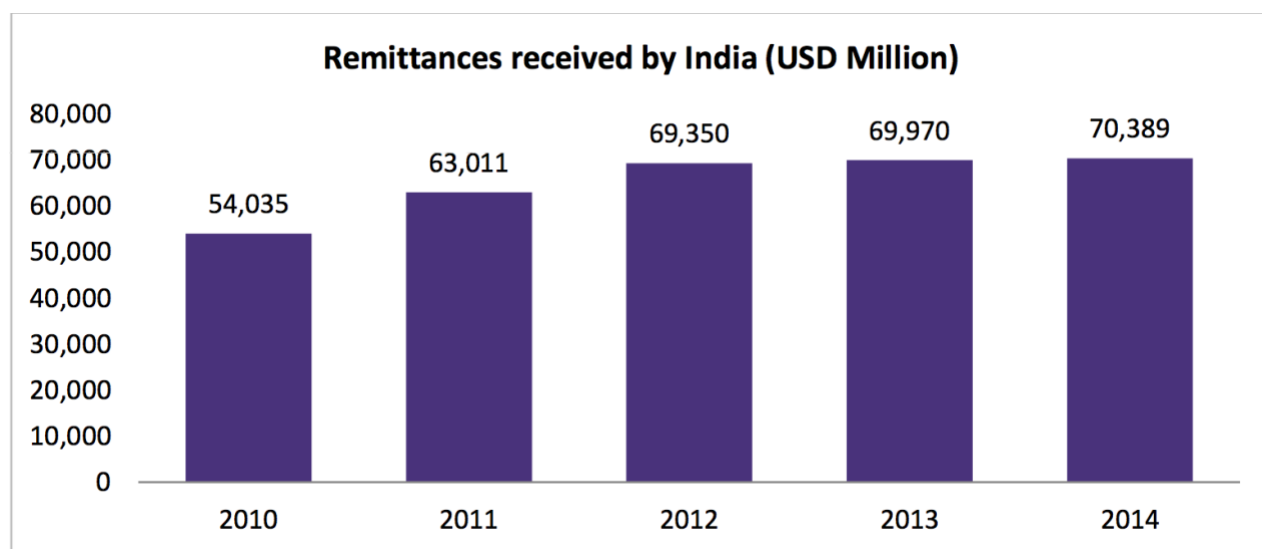
Page 59

<sup>43</sup> Ministry of External Affairs (India): <http://www.mea.gov.in/emigration-abroad-for-emp.htm>

emigration in India. Moreover, there are many ways to quantify what '*benefits to the Indian economy*' really involves.

However, if we were to try and assess the impact of migration on the economy, we would need to appreciate the two sides to how the negative net immigration in India affects its economy. On the one hand, the main economic benefit to the economy is through remittances, which are considerable in India. On the other hand, India loses workers and labour that would have been beneficial to the economy. The main aim when analysing the economic impact of migration in India is to compare the costs of emigration to its benefits.

Remittances are the most tangible benefit of migration and the money often goes to improving social infrastructure such as schools and hospitals, which in turn aids future economic growth of the country. Moreover, remittances are more constant and reliable and tend to fluctuate less than standard wages. As a result, the inflow of remittances is not heavily influenced by the economic cycle. India has the largest remittance inflow of any country in the world: The World Bank estimated that workers' remittances to India reached \$68.9 billion in 2015<sup>44</sup>. Indeed, India receives approximately 12% of the total value of global remittances. Remittance income is invaluable for many households and helps reduce poverty both directly and indirectly. Households that receive remittances achieve a basic standard of living or more disposable income (depending on the initial wealth of the family). As a result, they spend more money buying goods and services in the *Indian* economy and hence decrease poverty indirectly, by means of the trickledown effect. The average income of a household with an international migrant is much higher than the average income of a household with no migrants. The median education expenditures for households with international migrants is 1500 rupees. However, this figure is only 580 rupees for households with no migrants.



"Overseas Migration Patterns from India" by Grant Thornton India LLP  
Page 11

<sup>44</sup> Data from The World Bank - <http://www.worldbank.org/en/news/press-release/2017/04/21/remittances-to-developing-countries-decline-for-second-consecutive-year> - released on 21st April 2017

In general, there is a correlation between the raw number of Indian immigrants in countries and the value of the remittances received by India from these respective countries. For example, 2.8 million Indian immigrants live in UAE and as a result, it is the country with the largest remittance outflow to India, at \$12.6 billion in 2014<sup>45</sup>.

<b>10.1 Remittances to India (Million USD)</b>					
<b>Country of Origin</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>UAE</b>	12,344	14,251	15,685	12,563	12,638
<b>USA</b>	9,366	10,863	11,956	11,110	11,177
<b>Saudi Arabia</b>	6,461	7,616	8,382	10,771	10,836
<b>Kuwait</b>	2,342	2,678	2,947	4,712	4,740
<b>Qatar</b>	1,733	2,084	2,294	3,999	4,023
<b>UK</b>	3,359	3,877	4,267	3,619	3,641
<b>Oman</b>	2,057	2,375	2,614	3,450	3,471

Source: "Overseas Migration Patterns from India" by Grant Thornton India LLP

Consider the table above. It highlights how valuable the remittances received from the GCC are. Indeed, 5 out of the 6 GCC countries are in the top 7 countries with the highest remittance outflow to India. Notably, however, countries with a higher number of skilled workers, have a proportionally higher outflow of remittances as migrants tend to work in higher wage jobs. Take the UK: there are 793,000 Indian-born immigrants living in the UK<sup>46</sup>, however the value of remittances was \$3,641 million in 2014. The remittance value per migrant was approximately \$5000/person<sup>47</sup>. On the other hand, countries in the GCC with a higher number of less skilled workers have a lower remittance outflow per Indian immigrant. For example, in Saudi Arabia, the value is \$3600/person<sup>48</sup>.

Nonetheless, there are also costs to international emigration of workers from India and this is where the difference between skilled and unskilled workers really comes into play. Money is lost on educating workers when they leave for another country. As the international migration scene continues to head in favour of skilled workers, India will lose more of its skilled worker population, which could be harmful to the economy. Although higher skilled workers abroad do send higher remittances back to India, the difference between the value of remittances and their salary is much higher than the difference for low skilled workers. Moreover, brain drain, used to describe the emigration of highly skilled, intelligent workers, in fields such as science and technology, from developing countries to developed countries, is often associated with Indian emigration. The government loses money from taxes, as well

<sup>45</sup> "Overseas Migration Patterns from India" by Grant Thornton India LLP

<sup>46</sup> Data acquired from article written by Office for National Statistics (UK) – "Population by Country of Birth and Nationality Estimates Frequently Asked Questions" published in August 2015.

<sup>47</sup> Author's own calculations

<sup>48</sup> Author's own calculations

as vital professionals who would have had a significant social effect (e.g. doctors) and economic effect (E.g. entrepreneurs) in India. On the surface, this explains why emigration of skilled workers is much more detrimental than emigration of unskilled or semi-skilled workers.

However, the impact of emigration is not as clear cut as this. For example, the impact of emigration on the employment rate is minimal: mathematically, in such a highly-populated country, the emigration of a relatively small percentage of people does not significantly affect employment rates. Furthermore, immigration *into* India almost counters any changes to the employment rate that emigration is responsible for. Moreover, skilled Indian emigrants benefit the Indian economy in less tangible ways.

For example, migrants may return to India with newly acquired skills that are highly valued: many people believe that India is currently recovering from a brain drain and is now reaping the benefits from the high rates of skilled worker emigration of the last few decades. In the past, India had experienced a brain drain, especially to the US and the UK. This started in the 1970s and 80s when there were high rates of emigration for college graduates. Indira Gandhi's astounding tax policy was the factor most responsible for this brain drain: income tax was at an all-time high with the top slab having a tax rate of 97.75%<sup>49</sup>. Moreover, wealth tax, inheritance tax and others were added to the income tax and many people faced taxes higher than 100%. However, the dot com bubble led to many of these elite workers return to India after having lost their jobs. This sparked the era of brain gain. Indeed, it was estimated that over 1000 NRI (Non-Resident Indian) scientists returned to India between 2015 and mid 2017<sup>50</sup>. Because of the brain gain, Indians acquired skills abroad and returned to India to set up businesses and work in R&D vital to the Indian economy and society. The brain drain/brain gain scenario is just one example that exemplifies the complexities of the economic impact of the high level of emigration in India and shows that it is impossible to decisively conclude how emigration impacts their economy. Events such as the brain drain incentivise immigration into India and decreased the incentive to emigrate. These events are partly responsible for the decrease in *net* India-UK migration.

## Economic Impacts of UK Immigration from India

As with the economic impact of emigration on India, the impact of immigration on the UK economy is twofold. In theory, immigration into the UK is beneficial. Firstly, Immigration increases the size of the labour force and thus increases the size of the economy. Secondly, immigrants fill labour and skills shortages that the UK labour force does not want to do or does not have relevant training for. Thirdly, immigration brings fiscal benefits to the UK economy, as taxed wages give the government more money to spend on social infrastructure. However, the above statements must all be taken with a pinch of salt. Firstly, although it is true that immigration may increase the size of the UK economy, this effect is negligible when

---

<sup>49</sup> Data acquired from article written by The Times of India, published on 10<sup>th</sup> February 2008. <https://timesofindia.indiatimes.com/sa-aiyar/swaminomics/Paying-record-taxes-is-bliss/articleshow/2770156.cms>

<sup>50</sup> <http://www.thehindu.com/news/national/india-has-moved-from-brain-drain-to-brain-gain-says-harsh-varadhan/article18551391.ece> - article published on 23<sup>rd</sup> May 2017

the GDP *per capita* is considered. An increase in the *size* of the economy is met by an increase in the population. Secondly, if less skilled immigrants fill gaps that the UK labour force does not have relevant skills for, incentives to learn these skills in future generations may decrease and these skills may die out. Thirdly, the fiscal benefit that immigrants bring combats the fact that the immigrants also have access to social benefits; although they pay taxes, they also spend government money. Due to the sheer number of immigrants, the balance between the benefits and costs that these Indian immigrants are to the UK economy is vital for its economic stability. The question that the UK government has pondered is the threshold at which the benefits that (Indian) immigrants bring to the economy outweigh the burden they are to the state. This is assessed under the “UK Immigration Policies” subsection of the report.

In the short term, the main criterion that influences whether the impact of immigration on the UK economy is positive or negative are the specific skills that the migrant (Indian) workers bring. If the skills they bring complement (and differ from) the skills of the UK labour force, immigration is generally considered to be beneficial for the UK economy. On the other hand, if the skills that the immigrants bring match those of the UK labour force, the effect on the UK economy is generally considered negative because there is downward pressure on wages as the supply outweighs the demand and the market equilibrium (i.e. wages) falls. It also increases the rate of unemployment.

There is one effect of immigration that the UK is struggling with and has been struggling with for years: housing. Because land supply is constant, it cannot adapt to the rising population. As net immigration remains positive, the population density of cities in the UK continues to increase. As India is the country with the greatest number of non-EU migrants living in the UK, this is where Indian immigration is particularly significant. Large cities such as London suffer the most from this: London has a population density of 5,100 inhabitants/square km<sup>51</sup>. Moreover, the number of houses built per year is much lower than the number of immigrants entering the UK. New build dwelling starts were 153,370 in 2016<sup>52</sup>, however there was a net immigration of 248,000<sup>53</sup> in the same period. The excess demand for housing causes upward pressure of house prices: the average price per square metre for a home in Britain increased by 236 per cent in 20 years<sup>54</sup>. In Greater London, the average price increase was 402 per cent<sup>55</sup>. This causes homelessness and thus increases pressure on the UK government for social benefits.

Evidently, immigrants have a greater economic impact that one may initially assume. The

---

<sup>51</sup> Census data (UK)

<sup>52</sup> Data acquired by Department for Communities and Local Government (UK) released on 23<sup>rd</sup> February 2017

<sup>53</sup> Office for National Statistics (UK) – data released on 25<sup>th</sup> May 2017

<sup>54</sup> Data acquired from article written in Financial Times by Damien Fantato - <https://www.ftadviser.com/mortgages/2017/07/31/property-prices-by-square-metre-soar-236/>

<sup>55</sup> Data acquired by Lloyds Banking Group - <http://www.lloydsbankinggroup.com/Media/Press-Releases/press-releases-2017/bank-of-scotland/the-average-house-price-per-square-metre-jumped-three-fold-in-edinburgh-to-2492-over-the-past-20-years/>

question for the UK government is to find a way of only allowing migrants who are highly skilled (or have low skills that complement the skills of the UK labour force) and have wages above a certain threshold. This threshold must not only be such that the direct economic benefit that the immigrant brings exceeds the cost they are to the state, but must also be high enough to outweigh the social problems that immigration brings (such as racism and a skewed gender ratio) and its indirect economic consequences such as its impact on housing.

Recently, however, experts have suggested that immigration into the UK in the long run has a very little effect on the per capita earnings of the population. According to House of Lords' Economic Committee, wages in the long run remain the same: immigration increases the return to capital in the short term and this increases investment. Investment drives down profit margins and increases the demand for labour. For example, if there is investment in machines and equipment, the labour demand for workers increases and the market equilibrium (i.e. wages) returns to its original position. However, it would be naïve for the government to rely on this theory: firstly, it is theoretical. Secondly, the per capita earnings of the population is not the only parameter that the government considers when creating immigration restrictions. Thirdly, this model is only applicable in the long run. As a result, the UK government has implemented laws that restrict immigration. See subsection, "UK Immigration Policies".

## **Migrant Perspective**

So far, this report has mainly considered migrants as "economic assets" or "economic burdens", rather than actual people. Although most Indian migrants migrate for a higher standard of living and an economic advantage, they face many problems. There are aspects of migration that are overlooked in most other reports regarding this subject. These are the practical aspects of migration and the realities of the problems that migrants may face. For the mobility of migrants to occur, these problems are outweighed by the economic benefits of migration. However, they are nonetheless significant. Firstly, it is difficult to settle into a new country. Immigrants may face language barriers and loneliness. However, immigrants entering the UK under the work route must pass English language tests in order to gain visas. Secondly, both the emigration and immigration processes can be challenging and tricky. Migrants who have not done sufficient research often turn up to airports in India without proper documentation and are sent back home. These tend to be lower skilled migrants who are less educated and less aware of the rules. No real handholding is done and so it is difficult for emigrants to acquire necessary knowledge on how to permanently leave the country. Similarly, there are often problems at immigration desks in the receiving countries. These are less common in countries in the West. However, some countries have "quirks" attached to their immigration. For example, Indian migrants in the Middle East may be sent back for carrying images of Hindu deities.

## **UK Immigration Policies**

The main role of the UK government is to control immigration in such a way that it is most advantageous to the UK economy. There are 2 aspects to UK immigration policies that the government is trying to deal with. Firstly, they want to crackdown on the exploitation of migrant workers in the UK. This is not for economic benefit – instead, it is a way of maintaining

basic human rights and a basic standard of living for people in the UK. According to the ONS, there were 362,000 jobs with pay less than the national minimum wage or national living wage in April 2016, which constituted 1.3% of all employees in the UK<sup>56</sup>. Secondly the government wants to decrease the number of overall immigrants so that jobs remain available for the UK population. Indeed, after the 2015 election, the Prime Minister made a speech saying he wanted to “lower the number of [skilled] workers we have to bring from elsewhere.”<sup>57</sup> The main way to do this is to implement a “skills drive” and improve the skills of the labour force such that they won’t need migrants to work in skilled jobs. By maintaining the population (or slowing the rate of population growth) while improving the skills of the population (by skills training etc.), the economy of the country should theoretically improve as the per capita income would increase, the money the government receives through tax would increase and the number of citizens that require benefits would decrease.

However, improving the skill set of the UK population to a significant degree is only feasible in the long term. In the short term, the UK still needs an immigration policy that is beneficial to the UK economy. The goal is to decrease the number of low skilled immigrants. This is where the tier system comes into play. Essentially, there are 5 “tiers” for UK immigration<sup>58</sup>:

- Tier 1 is the entrepreneur route.
  - Tier 2 is the route for skilled workers who have already been offered a job in the UK.
  - Tier 3 is the route for low skilled workers filling temporary labour shortages.
  - Tier 4 is the study route for students aged over 16.
  - Tier 5 is the route which covers things such as charity workers and religious workers.
- There are 6 sub-categories in this tier.

Tier 2 is the umbrella in which many potential working immigrants fall under. Since its introduction in 2008, tier 2 migration has become much more stringent and there has been an increase in the skill requirement and minimum wage threshold (it increased from £20,000 in 2008 to £30,000 in 2017)<sup>59</sup>. This has two purposes: firstly, it reduces the number of immigrants as fewer potential immigrants satisfy the stricter criteria. Secondly, it increases the average wage and quality of immigrant workers. This increase in stringency of tier 2 workers is perhaps most clearly seen in the change of the mobility of Indians entering the UK. The number of Indians immigrating into the UK has fallen significantly in the last few years. The filtration of less skilled workers due to the stringent points based system is the main cause of this decline in immigrants.

The way that the government standardises tier 2 migration is with a point based system (PBS).

---

<sup>56</sup> Office For National Statistics – data released on 26<sup>th</sup> October 2016

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowpay/apr2016>

<sup>57</sup> UK government website

<https://www.gov.uk/government/speeches/pm-speech-on-immigration>

<sup>58</sup> <http://workpermit.com/immigration/united-kingdom/uk-five-tier-points-based-immigration-system>

<sup>59</sup> UK government website

<https://www.gov.uk/government/news/migration-advisory-committee-reviews-of-tier-2>



This was introduced alongside the tier system in 2008 but it has been recalibrated in a way such that higher skills are accepted. The PBS is based on 5 criteria<sup>60</sup>:

- Median occupation pay
- Educational qualifications
- ONS qualifications
- Innate ability
- Amount of job training required

The government increased the minimum wage threshold to £30,000/year in 2016, which is the 25<sup>th</sup> percentile of pay distribution among workers with a degree (NQF6 qualifications). However, there are also minimum wage thresholds for every job – this is the 25<sup>th</sup> percentile of the pay distribution in the given job. Where the occupation threshold exceeds £30,000, the occupation threshold prevails. If not, the figure of £30,000 prevails<sup>61</sup>. As a result, Indians tend to work in highly skilled sectors: It is estimated that migrants account for 20% of workers in fields such as oil and gas extraction, aerospace manufacturing and computer, electronic and optical engineering<sup>62</sup>.

## Migration of Families

The immigration of families generally refers to the immigration of ‘dependants’, who are classified as<sup>63</sup>:

- A husband, wife or civil partner
- An unmarried or same sex partner
- A child under the age of 18

Dependants of an immigrant coming to the UK on a PBS can apply for a visa to join them. However, workers under tier 2 and under some subcategories of tier 1 must show that they have funds to maintain their dependants. Tier 1 and 2 dependants can work in the UK in all professions except as doctors and dentists, where they will require special training.

However, there are tougher restrictions on the immigration of dependants of student immigrants. Firstly, the student must be studying at least a level 7 course on the Regulated Qualifications Framework for at least a year, which generally includes most masters level

---

<sup>60</sup> Article written by University of Strathclyde Glasgow on “Home Office Points Based System for Tier 2 and Tier 5 Staff”

[https://www.strath.ac.uk/media/ps/humanresources/policies/Home\\_Office\\_PBS\\_Policy.pdf](https://www.strath.ac.uk/media/ps/humanresources/policies/Home_Office_PBS_Policy.pdf)

<sup>61</sup> <http://www2.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2016/04/19/salary-thresholds-for-experienced-tier-2-migrants-will-rise-to-163-30-000-by-april-2017.aspx>

<sup>62</sup> <http://www.telegraph.co.uk/education/educationnews/10424148/Immigrants-fill-one-in-five-skilled-British-jobs.html>

<sup>63</sup> UK Government website

<https://www.gov.uk/government/publications/guidance-for-dependants-of-uk-visa-applicants-tiers-1-2-4-5>



courses. Alternatively, the student would be allowed to bring dependants if the course lasts longer than 6 months or if they are in a doctorate extension scheme<sup>64</sup>.

## Indian Policies

The main aim of the Indian government is to be a supplier of high quality workforce. They must allow a smooth process for migration and ensure high quality of life for Indian migrants abroad. The main way to do this is to have a high-quality skills development programme. The main initiative for skills development involves ITCs (industrial training centres) and ITIs (industrial training institutions) offering training to workers, which has been very successful. In the construction sector alone, this model led to the skill development of over 5 million people between 2010 and 2015.

16.1 Trades offered by ITIs/ITCs and their capacity					
Trades	No. of Units		No. of ITI's		Unit Size
	Govt.	Pvt.	Govt.	Pvt.	
Architectural Assistant	21	139	18	84	16
Carpenter	443	119	379	91	16
Draughtsman Mechanical	455	535	288	342	16
Draughtsman Civil	760	1709	509	891	
Electrician	3029	24764	1702	9898	16
Foundryman	174	7	118	6	16
Fitter	3438	18274	1730	8619	16
Interior Decoration and Designing	44	56	32	36	16
Mason(Building Constructor)	109	94	93	56	16
Machinist	1124	135	441	84	12
Mechanic Machine Tool Maintenance	105	9	70	6	16
Plumber	332	581	283	369	16
Operator Advanced Machine Tool	4	1	4	1	
Painter(General)	202	74	168	69	16
Sanitary Hardware Fitter	9	21	8	14	16
Sheet Metal Worker	304	55	235	50	11
Wireman	1600	888	1021	595	16
Welder	899	1237	653	833	
Welder(Gas & Electric)	1088	701	666	438	12

Source: "Overseas Migration Patterns from India" by Grant Thornton  
India LLP  
Page 168

This table examines the number of training units offered to Indians in the construction sector (as of 2016).

In 2015, Prime Minister Narendra Modi launched Skill India, a campaign that aims to train

<sup>64</sup> Government document on UK visas and immigration  
"Tier 4 of the Points Based System – Policy Guidance"  
<http://www.cambridgeinternational.org/images/183806-tier-4-policy-guidance.pdf>

over 400 million Indians in different skillsets<sup>65</sup>.

Although there has been an influx of initiatives to drive skills development in India, the migration process is not smooth and Indian migrants (especially to countries such as the UK) face many problems that need to be addressed by both the Indian and British governments. Due to the points based system in the UK which analyses potential immigrants on the skills they possess, unskilled and low skilled Indian migrants find it difficult to acquire work visas and are thus unable to migrate. The Indian government should try and improve the skills of the unskilled workers to increase the chance of being accepted into the UK. Indeed, other Western countries such as US/Canada use points based systems too; it is essential that unskilled workers receive more skills training so that they have access to more countries.

Another common problem in India-UK migration is an inability to adjust. In this case, both governments should take responsibility to decrease the magnitude of this difficulty. To overcome the language barrier, the Indian government should implement strategies that give migrants language training prior to the date of migration. Moreover, the British government should implement more strategies to give language training to immigrants who are less proficient in English. However, the language barrier is not a major concern for India-UK migration as most Indian migrants speak English as their second language (10% of the population speak it fluently<sup>66</sup> – with a much higher percentage for more educated, skilled citizens (those who are likely to migrate)) and need to pass English language tests before immigrating. Indian immigrants may find other aspects of UK life difficult to adjust to. These may include differences in work culture and climate. The Indian government holds workshops before departure to educate the migrants on trade unions and labour laws in the destination country.

Another common problem in India-UK migration that the Indian government should help prevent is flaws in work contracts that allow British employers to deduct money from their (Indian) employees' salaries for water, electricity and other such utilities and taxes. The Indian government should proof read work contracts and inform the worker of possible deductions stated in the contract. Indeed, the government must continue to protect its citizens as they go abroad. In particular, the Indian government makes an effort to protect its most vulnerable citizens - it classifies vulnerable citizens as those who did not complete their 10<sup>th</sup> year of schooling. They are given ECR ('emigration check required') passports. If they wish to emigrate to one of the 18 notified EC countries, they must be cleared from the office of protector of emigration (POE). This is purely to protect the more vulnerable emigrants from countries whose protection policies aren't strong themselves.

## Conclusion

This report has alluded to multiple reasons why India-UK migration has decreased so rapidly in the last few years, considering the 3 main perspectives involved: The Indian government and its population; the British government and its population; and the migrants themselves.

---

<sup>65</sup> <http://msde.gov.in> - Ministry of Skill Development and Entrepreneurship, India

<sup>66</sup> BBC article: [www.bbc.co.uk/news/magazine-20500312](http://www.bbc.co.uk/news/magazine-20500312)

From the migrant perspective, mobility occurs when opportunities abroad outweigh the negatives of migration. Essentially, a cost-benefit analysis of their personal migration scenario must show that migration would overall be beneficial. There has been a range of causes that have generally decreased the number of potential migrants that believe it is worthy to migrate after conducting a cost-benefit analysis. The “opportunity” of migration is usually quantified by differences in wages. This is especially true in India-UK migration: the monthly minimum wage at PPP (USD) is astoundingly low in India at only \$175. This is only 11% of the UK’s \$1545 at PPP minimum wage. Moreover, the median wage in the UK was £28,600 in 2017<sup>67</sup> but significantly less in India (it is much more difficult to estimate the value due to the high rate of unemployment and large population). Naturally, this wage difference results in a high number of Indian migrants moving to the UK or other parts of the West. However, the wages in India have been increasing rapidly. In 2015, the average salary of a working Indian rose by 3.5%<sup>68</sup>. As the wage difference between India and UK decreases, the incentive to migrate for financial reasons decreases, which has been one contributing factor to the decrease in immigration. In general, India’s quality of life and standard of living are improving at a higher rate than the UK’s. For mobility to occur, the benefits must outweigh the costs, both quantitative and qualitative, of migration.

The next perspective from which to consider migration is that of the supply country - in this case, India. India has negative net immigration (-0.41 people/1000 population in 2015<sup>69</sup>) and its rate of emigration is estimated to be around 3 times higher than its rate of immigration. Thus, when discussing migration from the perspective of the Indian government, this report has discussed it purely in terms of its emigration. Ultimately, this perspective is negligible in affecting the changes in migration patterns as the Indian government attempts to interfere as little as possible in the emigration of its citizens unless to protect them. However, events such as the brain gain may boost India’s economy and reduce the necessity to emigrate.

The third perspective of migration is from the British government and economy. Skilled immigrants are viewed as an asset to the UK economy, while unskilled workers are viewed as an economic burden. The UK government has been using strategies that distinguish between skilled and unskilled workers. They do this by categorising workers with the tier system and assessing their skills with the points based system. The tier system involves categorising potential immigrants into one of five categories, most whom are in tier 2. The points based system involves assessing potential immigrants on the skills they possess, based on criteria such as wages and qualifications. According to this, they give visas to skilled workers. As a result, India-UK immigration in the last few years has decreased as the majority of unskilled workers have been rejected.

Although the mobility of Indian immigrants into the UK may have decreased, the relative high fertility rate of immigrant workers (due to a relatively young immigrant population and cultural differences), means there is still a high number of second and third generation immigrants, especially from India, living in the UK.

---

<sup>67</sup> Data acquired from ONS and author’s calculations

<sup>68</sup> <http://surejob.in/average-salary-in-india.html>

<sup>69</sup> Knoema World Data Atlas

<https://knoema.com/atlas/India/topics/Demographics/Population/Net-migration-rate>

The natural question that follows asks how India-UK migration patterns will change in the future. Any predictions are merely speculations but still useful. Certainly, there are strong justifications for speculations on both sides of the argument. Brexit marks a new era whereby the UK government will have control over EU migrants as well. It is hoped that this will relieve pressure on the UK economy as it allows fewer (unskilled) European migrants into the country. This may mean the UK will permit more Indian immigrants to compensate for the fewer EU immigrants. However, the unpredictability of the British government and democracy means it is very difficult to speculate. Perhaps, to avoid an economic slump due to a lack of EU immigrants, the UK will significantly increase its quota of non-EU immigrants which could result in a surge in Indian immigrants. Alternatively, the government could continue implementing harsh immigration policies to meet its previous goals. Indeed, public opinion will be the most significant factor in determining how immigration patterns will change in the future as they can choose (through democratic processes) and pressurise policymakers. Public opinion in the UK leans towards restrictions on immigration, implying that this may be the future of India-UK immigration.

## **Acknowledgements**

I would like to thank Professor Simon Lee (Columbia University) for all his help and advice and for mentoring me while I write this project. His constant feedback has been invaluable.

I would also like to thank Dr Sushil Wadhwani CBE (CEO of Wadhwani Asset Management LLP) and Mr Asheesh Sharma (Joint Secretary, Ministry of Skills, Government of India) for giving up their time to help me.

